

**Presidential Decree
No 64 of the Year 2004**

**Promulgating
the Statute of the Central Bank of Egypt**

The President of the Republic,

After having perused the Constitution,

The Law of the Central Bank, the Banking Sector and Money, promulgated by Law No 88 of the Year 2003, and

The Presidential Decree No 59 of the year 1993, promulgating the Statute of the Central Bank of Egypt,

And upon consultation with the State Council,

has decreed the following

(Article 1)

The provisions of the accompanying Statutes of the Central Bank of Egypt shall be applied.

(Article 2)

The referred-to presidential Decree No 59 of the year 1993 shall be repealed, along with any provision contradicts the provisions of the accompanying Statute.

(Article 3)

This Decree shall be published in the Official Journal, and shall come into force as from the day following the date of publication.

Hosni Mubarak

Issued at the Presidency of the Republic on 2 Muharam 1425 (Hegria Year), corresponding to 22 February 2004 (Calendar Year).

**The Statute of
the Central Bank of Egypt
Chapter 1
The Bank's Legal Status,
Domicile and Capital
Article (1)**

The Central Bank of Egypt shall be a public legal person, directly subject to the President of the Republic.

Article (2)

The legal domicile of the Bank and its head office shall be the city of Cairo. The Bank may, by a decision of its Board of Directors, establish branches and offices, and adopt agents and correspondents at home and abroad,
whenever necessary.

Article (3)

The paid-up capital of the Bank shall be four billion Egyptian pounds. Its Board of Directors may, in agreement with the Minister of Finance, appropriate
a percentage of the net annual profits to increase the capital moreover, the Governor may, in agreement with the Minister of Finance increase it directly as a contribution to the Public Treasury.

Chapter 2
Objectives and Functions of the Bank

Article (4)

The Bank shall carry out all functions and powers assigned to it by virtue of the Law of the Central Bank, the Banking Sector and Money referred to hereabove. The Bank shall work on realizing price stability and banking system

soundness, within the context of the general economic policy of the State. The Bank shall be concerned with formulating and implementing the monetary, credit, and banking policies.

Article (5)

The Bank shall set, in agreement with the government, the objectives of the monetary policy, through a coordinating council to be formed by decree of

the President of the Republic.

The Governor of the Bank shall notify the People's Assembly as well as the Shura Council of these objectives, when the two draft laws of the State's general budget and the general plan for economic and social development are

laid before them. (S)he shall also notify them of any modifications to these objectives during the fiscal year.

Article (6)

The Bank shall take the means with which it ensures the realization of its objectives and the discharge of its functions. It shall, in particular, have the following powers:

- A. Issuing banknotes and determining their denominations and specifications, pursuant to the provision of Article (8) of this Statute
- B. Managing liquidity in the national economy, and conducting open market operations
- C. Issuing securities commensurating with the nature of its funds and activities, as decided by its Board of Directors. Such securities shall bear the signature of the Governor

- D. Influencing banking credit in a way warranting the fulfillment of the actual needs of the different aspects of economic activity
 - E. Supervising the units of the banking sector
 - F. Managing the gold and foreign exchange reserves of the State
 - G. Regulating and managing the foreign exchange market
 - H. Supervising the national payments system
 - I. Recording and following up the external debt on the government, the economic and service authorities, the public sector, the public business sector, and the private sector, according to the forms to be set by the Board of Directors of the Bank
- The Bank may undertake any tasks or take any measures required for applying the monetary, credit, and banking policies, as well as for guaranteeing the soundness of bank credit.

Article (7)

The Bank shall charge fees on the services it renders according to its own list of fees on banking services, issued by a decision of the Board of Directors, and in compliance with the regulations and conditions to be determined by the Board.

Article (8)

The Bank shall have the exclusive right to issue banknotes of unlimited legal tender. The Board of Directors shall specify the denominations and specifications of such banknotes that shall bear the signature of the Governor.

The banknotes that are issued by the Bank shall always be covered by a balance of equivalent value formed of gold, foreign exchange, foreign securities, Egyptian government bonds and bills, and of any other Egyptian bonds guaranteed by the government.

Article (9)

The Board of Directors of the Bank shall determine, upon a decision, the percentages of the assets forming the cover of banknote issue.

The gold, foreign exchange, and other assets forming the cover of the banknote issue shall be deposited at the Central Bank in Cairo, or at one of the public sector banks in the Arab Republic of Egypt, or at any of the banks

abroad, to be approved by the Board of Directors of the Bank. Depositing this cover shall be in the name and for the account of the Bank.

Article (10)

The Bank may, through purchase or sale in the open market, deal in Egyptian government securities, government-guaranteed securities, as well as in the securities it issues and the bonds specified by its Board of Directors.

Article (11)

The Bank may extend credit to the banks subject to the provisions of the Law of the Central Bank, the Banking Sector and Money, and to foreign and international establishments and organizations, according to the rules, terms and conditions to be approved by the Board of Directors.

Article (12)

In case of a financial disturbance or another unforeseen condition that calls for meeting the necessary needs in the financial markets, the Bank may take whatever measures it deems relevant, comprising the extension of exceptional finance to banks, according to the rules and conditions to be determined by the Board of Directors of the Bank.

Article (13)

The Bank may guarantee the finance and the credit facilities obtained by public legal persons or the banks governed by the provisions of the Law of the Central Bank, the Banking Sector and Money, from banks, financial institutions, and foreign and international organizations, according to the rules and conditions set forth in the Executive Regulations of the referred-to Law.

Article (14)

The Central Bank shall have the right to ask banks, representative offices of foreign banks, bureaux de change, and any other entities licensed to deal in foreign exchange, for any data or clarifications about the transactions they conduct. The Bank's inspectors and their assistants, authorized for this purpose

by the Governor, shall have the right to access, at the premises of the bank, the office, the bureaux or the entity, the books and registers that ensure the obtainment of the necessary data or clarifications. The Bank's inspectors shall have the right to obtain a copy of any documents necessary for inspection purposes.

Article (15)

The Bank shall supervise the implementation of foreign exchange transactions, according to the provisions of the Law of the Central Bank, the Banking Sector and Money, its Executive Regulations and the decrees issued for its enforcement.

The authorized banks, bureaux de change, and any other entities licensed to deal in foreign exchange, shall be subject to the supervision of the Bank.

Chapter 3
Management of the Central Bank
And its Financial System
Section one
Management of the Central Bank

Article (16)

The Bank shall have a governor to be appointed by decree of the President of the Republic, upon his/her nomination by the Prime Minister, for a renewable term of four years. The decree shall comprise his/her financial treatment.

The Governor shall be treated the same as a minister in terms of pension. The resignation of the Governor shall be accepted by decree of the President of the Republic.

Article (17)

The Governor of the Bank shall have two deputies, to be appointed each by decree of the President of the Republic, upon their nomination by the Governor for a renewable term of four years. Their financial treatment shall be determined in the decree issued for their appointment.

The Governor shall have sub-governors to be appointed by a decision of the Board of Directors of the Bank, upon their nomination by the Governor.

Article (18)

The Bank shall have a board of directors under the chairmanship of the Governor, with the membership of:

- The two deputy governors
- The Chairman of the General Authority for Financial Supervision.
- Representative of Ministry of Finance upon nomination of the Minister.
- four experienced persons, specialized in monetary, financial, banking, legal and economic affairs, to be designated by the President of the Republic for a renewable term of four years

There might be full time directors for the membership of the board and committee's derived from it.

In case of the absence of the Governor, or the existence of a legal hindrance to his/her presence, (s)he shall be substituted by the most senior deputy. If the latter is absent, the other deputy shall act instead.

The Board formulation and the remuneration of non-executive members and attendance allowances of its sessions shall be determined by decree of the President upon a proposal from the Governor.

Article (19)

The Governor, his/her two deputies, and each member of the Board of Directors of the Bank shall meet the following requirements:

- 1- (S)he shall be Egyptian born of two Egyptian parents.
- 2- (S)he shall enjoy his/her civil and political rights.
- 3- (S)he shall be of sound reputation, and with no prior final rulings issued against him/her in a crime or any offense related to honor or trust.
- 4- (S)he shall have no interests that contradict with his/her duties, or are liable to affect his/her neutrality in deliberations and decision making.
- 5- (S)he must enjoy a wide experience in economic and banking affaires.

Beside the aforementioned conditions , the experienced members of the board must not have for themselves or for the entities they work for any interests contradict with their duties or their neutrality obligations or the independence or keeping the information secrecy the access to it as per their membership in the board of Central Bank of Egypt. Moreover , it is conditioned they must not be of chairmen or members of the board of commercial banks or financing companies or their staff , or from those who provide professional or consultative services to it.

Article (20)

The Board of Directors of the Bank shall be the authority responsible for the realization of the objectives of the Bank, in addition to formulating and implementing the monetary, credit and banking policies. To these ends, the Board shall be vested with all powers, particularly the following:

- A. Determining the means and instruments of the monetary policy to be followed, and their implementation procedures
- B. Determining credit and discount rates and the interest rates on the banking transactions as carried out by the Bank, according to the nature and duration of these operations, without being restricted by the limits prescribed in any other law

The Bank shall announce these rates and fees via the means set by its Board of Directors.

C. Determining the rules to be followed in evaluating the assets counterpart to the Egyptian banknotes

D. Setting the regulatory and supervisory standards to guarantee the sound financial positions of banks, and their efficient performance, as well as issuing the necessary decisions for their implementation

E. Evaluating the efforts exerted in connection with guaranteeing the soundness of bank credit, and ensuring the application of standards of credit quality and financial soundness

F. Approving the budget, financial statements and reports, to be prepared by the Bank on its financial position and the outcomes of its activities

G. Approving the organizational structure of the Bank.

H. Issuing the internal bylaws and systems connected with the financial, administrative, and technical affairs of the Bank, the regulations of auctions and tenders, and the Bank's personnel regulations, without being restricted by the rules prescribed in the laws and regulations applicable in the government, the public sector and the public business sector

Article (21)

The Board of Directors of the Bank shall meet at its head office in Cairo at least twice a month, upon the invitation of the Governor, or that of two-thirds of the Board members. The Board may be called to meet outside the Bank's head office, provided the meeting shall be within the Arab Republic of Egypt.

Article (22)

The Board meeting shall not be valid unless it is attended by the Governor or by one of his/her two deputies, and by the majority of its members. Decisions shall be issued pending the absolute majority of the votes of the Board members.

Article (23)

The Board of Directors of the Bank may form a committee(s) from among its members or from others to undertake the responsibilities it assigns thereto, or to provide the studies and researches it requires therefrom. In exercising their responsibilities, these committees may seek the assistance of whoever they choose.

Article (24)

The Governor shall represent the Bank before the court and in its relations with other parties. (S)he shall administer all the Bank affairs, assisted by his/her two deputies and sub-governors, each within the limits of his/her powers.

The Governor may delegate some of his/her powers to his/her deputies, sub-governors, or to one of them, or charge them with specific tasks, providing

(s)he shall notify the Board of Directors of the Bank.

Article (25)

The Bank shall adopt such administrative methods in accordance with the banking norms, without being restricted by the administrative and financial rules and regulations applicable in the government, the public sector and the public business sector.

Article (26)

The Bank shall have subsidiary units of legal personalities and independent balance sheets, as prescribed in the Law.

Article (27)

The organizational structure of the Bank shall include units of a special nature to perform specific tasks, according to the provisions of the law.

These

units shall have technical, financial and administrative independence. They shall aid the Bank's management in achieving its designated tasks. The

Board

of Directors shall issue the necessary decisions to regulate the work of those units.

There shall not be any modification to the organizational structure of the Bank without the knowledge of the Board of Directors.

Article (28)

Each of the aforementioned units shall have internal bylaws, to be issued by a decision from the Board of Directors of the Bank, and upon a proposal by

the Governor. These bylaws shall determine the unit's responsibilities and financial and administrative systems, in compliance with the regulations applied at the Bank.

Section Two
The Bank's Financial System and its Two Auditors

Article (29)

The funds of the Central Bank shall be considered private funds.

Article (30)

In applying the provisions of the Penal Code, the funds of the Central Bank shall be considered public funds.

Article (31)

The fiscal year of the Bank shall start with the beginning of the fiscal year of the State and shall end therewith.

Article (32)

The Bank shall prepare its budget including the budgets of the independent units and the special-nature units.

The Board of Directors shall approve the said budget three months before the beginning of the fiscal year.

The State's general budget shall not comprise the current and capital resources and uses of the Bank.

Article (33)

The Bank shall prepare a statement at the end of each week, on its financial position, compared to its financial position at the end of the preceding week. The statement shall be submitted to the Board of Directors of the Bank, and shall be published in the Egyptian Journal.

Article (34)

The Bank accounts shall be audited by two auditors whose appointment and remuneration shall be determined annually by the Central Audit Agency, in

accordance with the nature of the activity of central banks and the Egyptian Auditing Standards. This auditing of the Bank accounts shall stand for auditing

by the said Agency, pursuant to the Law.

The Bank shall place at the disposal of the two auditors all the books, papers, and statements that the two auditors consider necessary for performing their auditing task.

Article (35)

The Bank shall prepare the following, within three months from the fiscal year ending date:

a) Financial statements of the Bank on the closed fiscal year, prepared according to the nature of the activity of central banks and the Egyptian Accounting Standards. They shall be signed by the Governor and the two auditors

b) A report on the financial position of the Bank, and the outcomes of its activities during the closed fiscal year, covering – in particular – a survey of the economic conditions and the financial, monetary, banking and credit situations in Egypt

The financial statements, the two auditors' report, and the report on the financial position shall be submitted to the President of the Republic within ten

days from their approval by the Board of Directors of the Bank. Copies thereof

shall be sent, within the same period, to the Prime Minister and to the speakers

of the People's Assembly and the Shura Council.

Article (36)

The net profit of the Bank shall be transferred to the Public Treasury of the State, after deducting the workers' profit share as determined by the Board

of Directors of the Bank, and the reserves it determines to form.

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Chapter 4**The Central Bank's Relation with the Government****Article (37)**

The Bank shall act as a financial advisor and agent for the government. It shall also act as the bank of the government. Without prejudice to the provisions of Article (39) of this Statute, the Bank shall exercise the banking transactions, pertaining to the government and public legal persons, as well as the internal and external finance with banks, according to the conditions to be set by its Board of Directors.

Article (38)

The government may assign the Bank to act on its own behalf, in issuing government bonds and bills. The Bank shall extend consultation to the government in respect thereof. The Bank shall not incur any obligations nor gain any rights by virtue of this assignment.

Article (39)

The Bank shall extend financing to the government, upon its request, to cover the seasonal deficit on the general budget. The Bank, in agreement with the Ministry of Finance, shall determine the conditions concerning this finance, according to the prevailing monetary and credit situations, provided that the amount of such finance shall not exceed 10% of the average revenues of the general budget in the three previous years. The term of the said finance shall be three months renewable for other similar periods. The finance shall be settled in full within twelve months at most from the date of its extension.

Chapter 5**The Rules of Disclosure and the Reports Issued by the Bank****Article (40)**

The Bank shall promptly announce the procedures it takes for implementing the monetary policy, as well as its regulatory and supervisory decisions upon their issuance , in the manner specified hereinafter:

- Decisions issued by the Board of Directors of the Bank and the Governor shall be published in a special bulletin.
- Decisions issued by other authorities of the Bank shall be published in the monthly bulletin of the bank.
- These procedures and decisions shall be published in the Egyptian Journal.

Article (41)

The Governor of the Bank shall submit a quarterly report to the President of the Republic, comprising an analysis of the monetary, credit and banking developments, as well as the external debt balances during the report period. This report shall, in particular, include the following:

- a) The amount and growth rates of banknotes issue.
- b) Reserve money.
- c) The volume of money supply and counterpart assets.
- d) The amount of deposits in the banking system.
- e) The volume of domestic credit and the developments therein.
- f) Developments in the foreign exchange market.
- g) Indicators of bank financial soundness.
- h) Reserve balances abroad.
- i) Balances of both domestic public and external debts.

This report shall be submitted within sixty days from the end of each period, after being approved by the Board of Directors of the Bank.

Article (42)

The Governor of the Bank shall submit an annual report, approved by its Board of Directors, to the President of the Republic, the Prime Minister, and the speakers of the People's Assembly and the Shura Council, concerning the

monetary and credit conditions in the Arab Republic of Egypt. This report shall

include the following:

- a) External positions.
- b) Outcomes of the Egyptian monetary policy.
- c) Banking conditions.
- d) External transactions.
- e) Domestic public debt.
- f) Decisions regulating banking activity.
- g) The progress of the Bank towards improving the performance of the banking system.
- h) The Bank's proposals to achieve the country's economic objectives.

This report shall be submitted within three months from the financial year ending date.